

**Q1 FY20 OPERATING UPDATE****Tuesday, 29 October 2019**

Centuria Property Funds Limited (**CPFL**) as Responsible Entity of Centuria Metropolitan REIT (**ASX: CMA**) is pleased to provide CMA's operating update for Q1 FY20.

**KEY HIGHLIGHTS**

- Terms agreed<sup>1</sup> for 8,168 sqm of leasing (3.0% of portfolio NLA) across nine separate deals
- High occupancy<sup>2</sup> maintained at 99.0%, WALE<sup>3</sup> at 4.8 years
- Assets under management (AUM) expanded to \$1.8 billion<sup>4</sup>
- Entered into agreements to acquire interests in two A-grade office properties in fringe CBD locations across Sydney and Perth for a total purchase price of \$380.5 million<sup>5</sup>
- An oversubscribed equity raising for approximately \$273 million<sup>6</sup>

**CAPITAL TRANSACTIONS AND CAPITAL MANAGEMENT INITIATIVES**

During the quarter, an equity raising for approximately \$273 million was undertaken and included an Institutional Placement and Entitlement Offer. Proceeds were used to acquire the following assets:

Properties	State	Interest	Purchase price <sup>5</sup>	Cap rate	NLA (sqm)	WALE <sup>3</sup> (yrs)	Occupancy <sup>2</sup>
8 Central Avenue, Eveleigh <sup>7</sup>	NSW	50%	\$191.0m	5.4%	36,570 <sup>8</sup>	8.5	100%
William Square, Northbridge	WA	100%	\$189.5m	6.4%	21,765	7.7	100%
<b>Total / weighted average</b>			<b>\$380.5m</b>	<b>5.9%</b>	<b>58,335</b>	<b>8.1</b>	<b>100%</b>

Grant Nichols, CMA Fund Manager, commented, "8 Central Avenue and William Square are both A-Grade, fully occupied and provide a combined WALE of 8.1 years. Both assets have excellent tenant covenants including the Australian Commonwealth Government, various state government agencies and the Seven Network. Importantly, we believe the location of these assets will deliver strong ongoing tenant demand, being located near key transport infrastructure and substantial retail amenity. The addition of these institutional grade assets compliment and improve the CMA portfolio, and assist CMA in delivering its primary objective of providing unitholders with predictable and sustainable income streams by investing in quality, well located office buildings".

The acquisitions also geographically re-weight the portfolio, with the CMA exposure to NSW increasing to 29%, while the Queensland allocation reduces from 35% to 27%. The weighting to WA increases to 16%, at a time when we are seeing improving Perth leasing conditions. The acquisitions improve CMA's portfolio metrics, with the WALE<sup>3</sup> increasing from 3.9 to 4.8 years, with further diversification and improvement to the underlying tenant covenants.

In addition to the equity raising, the Fund has arranged for its existing debt facilities to be increased by \$150 million through a number of new tranches with 3 and 5 year tenors to facilitate the transactions. Despite the increased debt facilities, fund gearing will remain broadly unchanged.

### PROPERTY PORTFOLIO AND LEASING

Throughout Q1 FY20, terms were agreed<sup>1</sup> or leases completed across 8,168 sqm, representing approximately 3.0% of portfolio NLA. As a result of these transactions, the FY20 lease expiry profile reduces from 8.3% as at 30 June 2019 to approximately 4.7%.

Grant Nichols commented, “CMA’s team remains focused on actively managing the portfolio, which is well positioned with occupancy<sup>2</sup> of 99.0% and a WALE<sup>3</sup> of 4.8 years. Notably, over 70% of the portfolio’s income now expires at or beyond FY23 and just 4.7% of the portfolio’s expiry remains for FY20. The team continues to identify and execute on leasing solutions that complement our tenant requirements.”

### FY20 GUIDANCE AND SUMMARY

CMA confirms its FY20 forecast FFO<sup>9</sup> guidance of 19.0 cents per unit, with distribution guidance of 17.8 cents per unit.

Grant Nichols commented, “CMA has continued to evolve into a quality office portfolio with exposure to Australia’s major office markets. During the quarter, the portfolio expanded<sup>4</sup> to \$1.8 billion with 22 office assets and over 275,000 sqm of net lettable area. Importantly, as the portfolio has expanded the team has remained focused on retaining a relatively young portfolio with an average building age by value of just 16.7 years.”

“Moreover, with continued improvement in the quality and scale of the portfolio, CMA has benefitted from improved geographic diversification, an improved lease expiry profile and enhanced tenant covenants. These changes enhance the capability of CMA to deliver sustainable income returns from a national portfolio overseen by a hands on management team.”

“CMA continues to increase in investor relevance, scale and liquidity, improving the potential for S&P/ASX 200 Index inclusion while reinforcing its position as Australia’s largest pure play office REIT.”

– Ends –

**For more information or to arrange an interview, please contact:**

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### About Centuria Metropolitan REIT

CMA is Australia’s largest ASX listed pure play office REIT and is included in the S&P/ASX300 Index. CMA owns a portfolio of high quality metropolitan office assets situated in core metropolitan submarkets throughout Australia. CMA is overseen by a hands on, active manager and provides investors with income and the opportunity for capital growth from a pure play portfolio of high-quality Australian office assets.

Centuria Property Funds Limited (CPFL) is the Responsible Entity for the ASX listed Centuria Metropolitan REIT (CMA). CPFL, is a wholly owned subsidiary of Centuria Capital Group (CNI). CNI is an ASX-listed specialist investment manager with \$6.7 billion<sup>10</sup> in total assets under management and offers a range of investment opportunities including listed and unlisted property funds as well as tax-effective investment bonds.

**[www.centuria.com.au](http://www.centuria.com.au)**

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1 Includes Heads of Agreement (HOA)

2 Occupancy by area

3 WALE by gross income

4 Subject to the completion of CMA's acquisition for a 50% interest in 8 Central Avenue

5 CMA's interest, excluding costs

6 Includes conditional placement of \$30 million to Centuria Capital Group (CNI), which remains subject to CMA securityholder approval

7 The acquisition of 8 Central Avenue requires approval from CMA securityholders via an ordinary resolution and approval from Centuria 8 Central Ave Fund unitholders via a special resolution

8 100% of NLA

9 FFO is the Trust's underlying and recurring earnings from its operations. This is calculated as the statutory net profit adjusted for certain non-cash and other items. FY20 FFO guidance assumes the acquisition of 8 Central Avenue and Centuria Capital Group's (CNI) Conditional Placement of \$30 million (which is subject to CMA unitholder approval) to proceed. If these do not proceed, CMA expects FY20 FFO to be 18.7cpu

10 Subject to the completion of CMA's transactions and 348 Edward St, Brisbane